**VCSE Sector Memorandum of Understanding Progress Evaluation**

1. <u>Context</u>

Original national guidance for Integrated Care Systems stressed the importance of engaging the Voluntary, Community and Social Enterprise (VCSE) sector as a key strategic partner. The guidance stated that the VCSE sector has "an important contribution to make in shaping, improving and delivering services and developing and implementing plans to tackle the wider determinants of health.

To underpin the importance of this partnership, national guidance set out an expectation that each Integrated Care System would develop a Memorandum of Understanding (MoU) that set out what was needed for the VCSE sector to engage as a strategic partner. There were no guidelines as to what such an MoU should look like.

In the Derby and Derbyshire Integrated Care System, the VCSE sector is a sizeable partner. The last state of the sector survey identified a VCSE sector of 9000 organisations across the county and City, with 10,000 FTE paid staff in the County alone.

In the first part of 2023, extensive discussion took place within different partnership structures, with individual partners and through a range of VCSE sector networks and forums to develop an MoU. In many ways the process was as important as the final document in that it helped to stimulate discussion around partnership working.

The MoU set out a system vision for "A thriving diverse and sustainable VCSE sector that contributes as an equal partner to improve the health and wellbeing of people in Derbyshire". This vision recognised that a healthy VCSE sector is critical both to underpin current health and social care delivery but also to approaches that recognise the need to undertake more preventative work. The MoU then sets out the cultures, behaviours, challenges and actions to address to make this vision a reality.

The MoU was signed off by the Integrated Care Board and the Integrated Care Partnership in June 2023 and launched at the "Moving Forward Together" conference. It was agreed that we should assess progress every 12 months.

2. <u>The Evaluation Process</u>

To assess progress, Richard Murrell from the Place and Partnerships Team and I developed an evaluation tool and process. This consisted of seven key questions based on key content within the MoU with more detailed question sets sitting behind these if people wanted to explore in more detail, (tool attached separately). The seven key questions were,

- Do we involve the breadth of the VCSE sector from the outset in developing plans and pathways and check whether this is happening and that outcomes reflect involvement?
- Is data being shared in a way that helps the VCSE sector contribute as a core partner and do we take account of the soft intelligence collected by VCSE organisations?
- Do we have VCSE representation on system partnership structures and is this working?
- Are local VCSE infrastructure organisations embedded in LPAs and are we making the most of their contribution?
- Are investment, procurement and commissioning processes supporting a sustainable, diverse, local VCSE sector?

- Do we understand the VCSE workforce, the challenges it faces and are we helping to meet these?
- Do we generate and sustain positive behaviours and a culture of trust that supports VCSE engagement as a core partner?

We encouraged individual organisations, partnership structures and VCSE sector networks and forums to discuss and respond. We also organised a couple of drop-in sessions. We had a range of responses including most of the Local Place Alliances. It was interesting that responses from statutory partners tended to be by individual or by department rather than by organisation as there was no consistent corporate experience. In addition the evaluation draws on findings from the ICB VCSE infrastructure review. It is also important to recognise that the evaluation took place against a backdrop of challenging financial decision making including the announcement of a Derbyshire Council consultation exercise to cease discretionary VCSE sector grant funding from April 2025.

A summary of the feedback is outlined below.

3.  <u>Feedback; Successes and Challenges</u>

In the twelve months since the MoU was signed off, building the engagement of the VCSE sector as a strategic core partner has taken place against a challenging background. Pressure and demand on services together with significant budget problems within statutory partners have impacted on both headspace and investment decisions. It is difficult to look at doing things differently and to take a long-term view when drivers and planning are short-term. Financial pressures can drive partners to focus internally.

i.  Culture and Behaviours
    There was a general sense that understanding and awareness amongst partners of the role and contribution of the VCSE sector had increased over the last 12 months. There was particularly strong recognition of this at Local Place Alliance level.

    At the same time the view was that the level of understanding of both the VCSE sector and the approaches needed to effectively engage it vary across and within partners. Relationships tend to depend on relationships between individuals across partners rather than being an ingrained system culture. As a result, approaches are often not sustained when individuals leave and have to be developed again.

    Within any partnership there will inevitably be points of tension. Where this happens with the VCSE sector they sometimes arise and/or are exacerbated by a lack of understanding on both sides and a sometimes paternalistic approach where power imbalances restrict honest and open discussion.

    One of the key cultural points within the MoU was around the need to involve the breadth of the VCSE at the earliest and all points of the planning cycle to avoid "designing out" creative solutions. Feedback suggested that there are examples where this has happened including the Erewash Homelessness Forum/Strategy, DHiP, strategies around dementia and autism, hospital discharge and Living Well. Even with some of these examples there were differing views and a sense that there was still much to do in key system initiatives including TeamUp and community transformation, (although increasing work is taking place in areas such as hospital discharge and winter pressures). There was a sense that we could build in a system need to engage VCSE broad input in pathway development and could be better at learning from and scaling up things that work well.

    Generally, there was a sense that although there was a greater recognition of the VCSE

contribution and the need to reflect this in partnership working, this was often still to translate system wide into practical ways of working.

ii.     Engagement and Representation (including infrastructure).
Engaging a VCSE sector of 1000s of organisations (most of which are tiny), with a structured system that is driven by targets and timescales is always going to be challenging. VCSE groups are all independent organisations which don't always agree and are sometimes competing with each other.

As a first step it is important to ensure that there is a VCSE "voice" on the range of partnership structures. This is an area where advances continue to be made. There are currently over 20 VCSE delegates on around 15 different partnership structures. This year there are also a number of VCSE Co-Chairs within various partnership structures. At system level this has been facilitated through the VCSE Alliance engaging people from both VCSE infrastructure and frontline organisations. This has brought new people into the partnership arena increasing the breadth of contribution and all these delegates meet regularly to share and discuss experiences across the system. Where possible, information is cascaded through networks and infrastructure to reach a wide VCSE audience.

Generally, Local Place Alliances are very positive about the engagement of VCSE organisations and of the role of VCSE infrastructure in facilitating this.

At the same time there are significant challenges and capacity issues around engaging the VCSE sector. Delegates sitting on partnership structures is only one step towards engagement. The delegates and partnership/pathway developments need to connect with a wider VCSE audience. VCSE organisations which simply don't have the capacity to engage with numerous initiatives that might interest them need support to see where their engagement is most productive. Support is also needed to help the VCSE sector become more proactive in generating ideas and solutions and less reactive in waiting to be asked.

Capacity was highlighted as a major concern in being able to support effective engagement. As the year was closing, system level capacity to support VCSE engagement was reduced by 60% leaving engagement challenges particularly around Mental Health, Learning Disabilities, Neurodiversity and Children and Young People. There was serious concern articulated by Local Place Alliances in the County as to the impact of the potential County Council termination of VCSE infrastructure funding from April 2025 and that this would make VCSE engagement very difficult at this level. During 2023/24 a review of VCSE infrastructure was undertaken by the ICB. Attracting 237 responses including a wide spread of VCSE service users, the survey underlines how important infrastructure is with high levels of usage and high satisfaction rates. The survey also highlighted capacity challenges with support needs focussed on funding rather than engagement. It picked up issues around the potential for greater collaboration between infrastructure organisations to tackle capacity issues and a need to address the problem of some infrastructure organisations turning to service delivery to supplement their income generating tensions with their members. The review has generated much to consider but is now placed in the context of potential cuts to funding.

The ICB Insight initiative also needs some clarity. In the early stages it was seen as something which could provide guidance to those partners looking to engage the community, (through individuals, patients and VCSE organisations) as well as highlighting good practice. It is unclear now whether this is doing something different and reaching different audiences to the VCSE infrastructure roles that are already funded.

Questions have also been raised around simpler ways for statutory partners and the wider community to access VCSE/non-statutory services. Work to pull statutory services together

and enable access through 111 delivers results but access to VCSE sector services is less structured with multiple access through social prescribing, hospital discharge schemes, Living Well and multiple databases. Over the year the decision not to fund the Joy platform removed one of the potential ways of achieving this.

iii.     Data and Intelligence
Data sharing is consistently raised as one of the key barriers to VCSE sector joint working with other partners. This includes the ability to share specific and general patient data, the ability to access system data, being able to be part of cross partnership groups on Teams and contributing qualitative and quantitative data/information that can add value to needs assessment and priority setting.

Interestingly, Local Place Alliances expressed a general desire to see data better shared to help them in their work. Capacity again plays a part with statutory partners expressing that there wasn't aways time to explore what the issues were around data sharing with the VCSE sector to develop solutions. There has been a system recognition of the problems identified and work has now escalated to an Executive level to roll out solutions including the adoption of Section 251 agreements (used in Nottinghamshire) that facilitate data sharing. This is an example of where an issue has been recognised, work has been done but still needs putting into practice.

The MoU also identified how soft intelligence and data held by VCSE organisations could help define priorities and approaches. This is increasingly recognised in discussions but yet to be formalised. One suggestion that has been made is to look at how this information might be linked in as part of the Joint Strategic Needs Assessment.

iv.     Investment, Procurement and Commissioning
The MoU raised concerns that approaches to investment, including procurement and commissioning, were working against the vision of a thriving diverse and sustainable local VCSE sector. The size, value, composition and scoring criteria of contracts has made it increasingly difficult for VCSE organisations to bid and deliver successfully. Some organisations are using reserves to subsidise contract values. Last year the ICP supported a cross sector workshop to explore these challenges and actions that might be taken. This took place in January 2024 and identified a potential range of measures,
- Developing a mechanism for collating and feeding VCSE soft intelligence into the ICB Business Intelligence Team and linking with the JSNA process
- Facilitating intelligence gathering sessions around planned policy and pathway development areas.
- involving the VCSE sector in determining procurement needs/priorities. This should be checked when papers go to Committee/Board alongside any likely impacts of a commissioning decision on the VCSE sector.
- Developing a training programme for system staff involved in procurement and commissioning around understanding the VCSE sector, supported by guidance and a checklist of considerations
- Producing a schedule of planned procurement opportunities across the system in the next 12 months
- Organising information events once the scope of a procurement opportunity has been resolved
- Exploring how commissioning approaches can be proportionate to the funding involved (PSR)
- Exploring how scoring criteria can include elements such as collaboration, history of local delivery, mobilisation time, system involvement, involvement of experts by experience and addressing of protected characteristics

- Looking at approaches that recognise the gap between contract value and outcomes by recognising increasing costs, defining essentials and desirables and inviting flexible proposals to achieve outcomes
- Providing support around tendering skills and collaboration (maybe through the infrastructure review)
- Developing a consistent approach to determining the impact of VCSE work on health outcomes and how it prevents more expensive later interventions.

In addition, the session also explored whether a grants-based approach rather than a commissioning approach might be a better option in some cases, particularly for small local organisations. In areas such as social prescribing, small local groups are still being referred to despite the absence of funding to support increased demand. There was some frustration from Local Place Alliances that despite support for the VCSE sector, they had little/no ability to make any investment.

Over the past year there have been positive developments including advance notice of tenders of interest to the VCSE sector and initial awareness raising sessions by DCC Adult Social Care. There is VCSE involvement as a full member on the Population Health and Strategic Commissioning Committee and discussion around VCSE engagement in a strategic group to look at future development of procurement approaches.

For those VCSE organisations already receiving funding, there are growing concerns about the impact of short-term funding and extensions on the ability to deliver services and develop long-term relationships. In health these have been unfortunately generated by budget challenges and stand to be exacerbated by County Council proposals to terminate VCSE discretionary grant funding. The latter impact on the support that VCSE infrastructure provides to help organisations find funding and on initiatives such as befriending that support key system aspirations around helping people to stay in their own homes.

The MoU also highlighted the need to stimulate and facilitate collaboration as well as demonstrating the impact of VCSE sector activity. This has been affected by capacity issues but there have been examples of initiatives that have sought to bring organisations together and also initial discussions around exploring common impact measures.

v.    Workforce Development
The MoU highlighted the need to support and develop the VCSE sector workforce as part of a combined health and social care workforce strategy. The VCSE workforce consists of a substantial number of paid staff and also volunteers. Unlike the NHS and Social Care workforce, there is little up to date analysis of its needs. Feedback to the evaluation questioned whether there was/should be an ICB volunteering strategy and there were questions around levels of awareness at Local Place Alliance level of what was happening to support workforce.

There have been some positive developments. A cross sector task group has been looking at how best to progress workforce development in relation to the VCSE sector. Training programmes such as Mary Seacole and online NHS Elect courses continue to be opened up to VCSE sector staff. Work is just beginning on a VCSE workforce needs analysis that will provide a basis on which to plan support. Cross sector work also took place on developing a bid for NHSE Volunteering for Health funding which if successful would amongst other things, promote volunteering within the workforce of statutory partners.

Workforce activity intersects with other development areas addressed here and in the MoU. For example, within the workforce of statutory partners there are development issues around understanding the VCSE sector. In other systems there are buddying and training schemes to progress this.

4.  Conclusions and Looking Forward

The MoU reflects a system view that the VCSE sector is a key vehicle for both underpinning statutory services and for transformation towards greater preventative approaches. It highlights the culture necessary to maximise this contribution, the barriers to be addressed and some of the actions to meet these.

Since the MoU was signed off, there has been progress in a number of areas including greater recognition of the VCSE contribution and discussions around what actions could be taken. Relationships have particularly developed at Local Place Alliance level. Unfortunately, the wider context has not helped. Severe budget challenges and service demands have reduced the space to think differently, to take a longer-term view and to consider different investment approaches. The immediate picture looks equally challenging. Many VCSE service providers are struggling to survive and local VCSE infrastructure which is critical to the development and engagement of the VCSE sector faces significant cuts.

A healthy, diverse, sustainable VCSE sector is critical to the system aspiration of taking a more preventative approach that tackles health inequalities and determinants of ill-health. Consequently, it is important that we work together as a system to make this happen.

Reflecting on the content in this paper, there is work for us to focus on in the next 12 months including,

- A shared system VCSE investment strategy that puts into practice recommendations around procurement and commissioning, explores the value of a grants-based approach (particularly at local level) and generates strong sustainable relationships. This should focus VCSE investment to achieve the system aspiration for a more preventative approach. In the short-term this should consider the impact and response to potential funding cuts.

- Engaging the VCSE sector is a senior level commitment, stressed throughout the system and checked when pathways are developed and reports go to Committee. There is a willingness to explore new ways of working including taking engagement opportunities out into the VCSE sector. There is a commitment from senior officers across the system to meet with VCSE Alliance representatives a couple of times a year to explore progress and a mediation/disputes process in place to support relationship challenges.

- We take greater collaborative and co-design approaches that engage the VCSE sector from the outset and from a VCSE sector perspective we become more proactive in developing approaches and solutions

- Recommendations to address barriers around data sharing are put into practice and approaches are determined to allow VCSE organisations to join partnership project groups on Teams. A mechanism for capturing and linking VCSE qualitative and quantitative data into the Joint Strategic Needs Assessment is developed and there is clarity and partnership ownership of the Insight initiative including clarity around the relationship with VCSE infrastructure

- We progress the Workforce Needs Analysis and explore how we can support the VCSE paid and unpaid workforce and continue to build mutual understanding and collaborative approaches across partners.

- We explore how we can improve access to VCSE services from service users and statutory system partners

- As a system we are clear around expectations of VCSE engagement and have system and local level infrastructure that is consistent with this.